

# **Leadership and Management Excellence; Corporate Development Strategies**

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The Council for Excellence in Management and Leadership (CEML), chaired by Sir Anthony Cleaver, was established in April 2000 by the Secretaries of State for Education and Employment and for Trade and Industry. Its aim is to develop a strategy which will ensure that the UK has the managers and leaders of the future to match the best in the world.

The Council has set up a number of working groups, one of which has focused on developing a best practice guide for leadership development in the public and private sectors. This paper is the literature review which was undertaken to support the work by Dr Kim James, seconded on a part time basis to the council from June 2000.

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The greatest paradox of all is between leading and managing, pushing for great change and yet keeping the organisation ticking over....both are required in today's world.

(Kakabadse and Kakabadse, 1999, p5)



This literature review focuses on examples of how internationally recognised organisations go about the creation of leadership and management talent with which they can further the organisation's purpose. It is a background document to the Leadership Development: Best Practice Guide for Organisations published by the Council for Excellence in management and Leadership. It is primarily concerned with practices in the recruitment, utilisation and development of those executives who may be regarded as key players in deciding the direction of the organisation and in ensuring that its resources are effectively deployed.

# Introduction

In this review the actual current practices of organisations are explored, not text book suggestions on development methods, career and succession planning or recruitment. The nature of leadership and management has been the subject of debate throughout the last century. Debates about the qualities that make for a good leader or manager, what should be the activities of leaders and managers, the biographies of great leaders and specific development methodologies are outside the scope of this review. However, in order to understand the challenges of corporate management development, some issues in defining leadership and management excellence, why these continuing debates still rage on, and how these issues relate to the notion of best practice, need to be addressed.

# Leadership, management, leaders and managers

Senior executives in organisations undertake leadership and management activities.

Leadership, according to Bennis (1974,1984,1989,1993) involves activity that transforms an organisation. Such activities include creating a vision for the future, investing in that vision, clarifying the past and present status of the organisation and creating an idea about a future trajectory. Transformatory leaders are able to project their vision powerfully and create support for it, maintaining a momentum and empowering others to take responsibility for realising the vision. Bennis argues that the transformational power of a leader is to penetrate the soul and psyche of others so that they affect people's level of awareness and wakefulness to strive for even greater ends. Few developmental programmes have 'increase your ability to penetrate people's souls' as their learning objective! This indicates one of the challenges in creating a pool of leadership talent. Leadership activities can be delineated and learning opportunities created, but some qualities may need to be selected into the talent pool and development needs may be personal not technical or professional.

However, there is another kind of leadership, transactional leadership (Burns 1978). This is more aligned to the idea of managing. This involves handling operational issues from budgets to appraisals, controlling and directing the work of others. Transformational leaders are essentially philosophers whereas transactional leaders are more organisational 'technologists' according to Kakabadse and Kakabadse (1999).

When the word 'leader' is used it often evokes the image of the single person in whose image the organisation runs. 'Manager' is an implementer of the leader's ideas, working with teams to achieve these goals. Yet in reality, most executive jobs involve both transformational 'leadership' and transactional 'management'. The use of the term manager confuses the nature of the role. The role may contain varying aspects and proportions of transformational and transactional activity.

An issue for development arising from this debate about the nature of leadership and management is who is being developed for what in the organisation. Are potential top executives to get different development from potential mid level executives because their transformatory and transactional roles are different? Are they to have 'add on' development as they reach the top? Or do all managers need development as philosophers *and* technologists to become effective executives?

One possible approach to development is to define the activities of each aspect of leadership and select or train for them. This may include personal qualities, knowledge or skills and can be related to developed competencies that can be assessed. These would form the 'charter' without which an executive job should not be bestowed. Learning capability, visioning or motivation of others could be

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codified and measured, for example. Charisma could be spotted and courted on behalf of the organisation. This often lies behind the popular desire to examine the biographies and teachings of accepted great leaders or to define universal competencies. This can undoubtedly reveal a great deal but the confounding factor is that leadership and management does not take place 'anywhere'. They are exercised in a time and place. Whilst some individuals may by serendipity find that they are in a time and place that demands and matches their personal traits, others may need to learn to adapt and understand their context figuring out what can work and how to manage a specific context. This notion of situational leadership has also exercised those who study organisations. Studies have shown some of the factors that leaders need to take into account and the flexibility needed (for example, Hersey and Blanchard, 1988). They have also demonstrated that the cultural demands of one context are not necessarily the same as elsewhere (Hofstede 1980, Trompenaars, 1993). Thus if 'leadership' is not generic, leadership development may need to be contextualised.

The implication for studying best practice is that there may be some generic qualities that can be developed in every potential executive and in every organisation, although these may be difficult to agree on, but that there will also be issues specific to a particular organisation, time and place. This makes the transfer of best practice a complex issue because what is done in one place may not suit another.

Executives in world class organisations are not in the same position as start up businesses. Organisations require discretionary transformational activity within the overall corporate strategy. They require transactional activity that adheres to cultural norms, that is goal directed and related to specified processes that enable the organisation to be sustainable but that is locally viable. Thus organisations need executives who have experience of the challenges of the organisation in detail and depth, through working in parts of the organisation which provide illumination of the difficulties that it must face. It also simultaneously requires executives who can transcend the organisation's specific problems and understand the external context and imagine how the future may look and who can link the external structures of the social world with their internal world of imagination. This is more than simply having knowledge of the context. Actions and reactions to executive initiatives are the product of the dynamics of the whole system and cannot be understood as a simple stimulus-effect chain. Thus the dynamics of teams, particularly the top team and key boundary teams (eg across business units, across regions, with key external stakeholders) and leader/follower dynamics can have profound effects on how visions and day to day operations are enacted. A grasp of the unspoken, emotional aspects of relationships (Goleman, 1996) and of the psychodynamics of the organisation are essential for leadership (see for example, Hirschhorn, 1998, and Klein, Gabelnick and Herr, 1998, for expositions on this perspective).

There is a growing recognition for a more collective approach to transformation. The notion that organisations need to learn, as systems, is now an acknowledged aspect of the organisation's competitive edge (see Pedler, Burgoyne and Boydell, 1991, Dixon, 1994 or Senge 1990 for well known texts and Gibbons, 1999, for an example of a specific practical approach). Organisations need to learn continually, both to improve current practice and to transform the organisation for the future. This learning resides in the systems and processes of the



organisation not just in the individual minds of its members; learning from experience is continually 'written' into the changes in culture and attitudes that are shared in the organisation. Depending on the leadership philosophy and the way learning is addressed, this may or may not reflect the intended changes imagined by those creating corporate vision and culture change strategies at the top. Leadership that relies on heroic endeavour alone may be insufficient where large systems change is required.

A final issue to be incorporated in ideas of best practice, which builds on the debates about generic vs. local competencies, systemic and collective learning is that these may not only be located in specific organisation culture but also have sectorial differences. Sectors where there is concern that generic ideas derived largely from private sector studies may be insufficient include the public sector, the armed forces and not for profit organisations. This has led the government to sponsor initiatives for these sectors specifically (for e.g. Cabinet Office PIU 2000, or the Modernising Defence People Group, 2000). Whilst different sectors can and should learn from each other across boundaries that were once divides (and this itself might be an example of good practice) the different purposes of organisations in these sectors may be a significant determinant of good practice.

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# Implications for the CEML Leadership Development: Best Practice Guide for Organisations Project

There is continuing debate about the nature of leadership and management, a lack of definitive conclusion and the view that certain sectors have unique characteristics. It may therefore be an important part of any organisation's leadership development philosophy to clarify these issues in relation to what it is trying to achieve in its leadership and management development programme. There is no single 'one size fits all' solution possible when the requirements may be very diverse.

There is also attention to the new challenges in a specific sector or in a more general sense, for the new millennium. These frequently include generic challenges such as the new information age, virtual organisations, diversity, new careers, new psychological contracts, the effects of market globalisation, the importance of shared organisational learning, the role of new stakeholders such as pressure groups and the trend to merge to create bigger global players. The Chartered Institute of Management Accountants (CIMA) report, September 2000, of a global survey of the future of business identified 'leadership' as the key ingredient for future success with e.business and capacity for change coming behind leadership. Vision and the ability to see round the corner are the key USA valued characteristics whereas in the UK and Germany the traditional ability to lead manage and motivate were mentioned. In Britain strategic focus was valued and in Germany adaptability was highly rated. The CIMA CEO concluded that in the future, managers will need a portfolio including 'softer skills'. The CIMA President thinks IT skills have become a given-just like the ability to use a phone or drive a car- whereas leadership skills are rare and valuable.

These generic leadership requirements are tempered by specific sector issues such as increased political pressure to produce transparently better performances and greater demand from a more informed citizenship in the public sector (Cabinet Office PIU report, 2000). An emerging hypothesis might be that it is important to examine one's future challenges and begin to work on scenarios for meeting them as part of the leadership development process, in order to develop ideas on leadership requirements.

This CEML Leadership Development: Best Practice Guide for Organisations project is a product of the drive to identify and disseminate best practice. Best practice examples should be collated and spread across sectors and organisations. This perspective implies that the content of best practice can be specified and adopted by organisations that are not measuring up favourably to the leading players. Somehow, knowledge of how recruitment, development and utilisation are done in one excellent place will be a good benchmark for measuring another organisation. Herein lies a conundrum. As we can see from the discussion on the nature of leadership and management above it is very unlikely that a single recruitment practice will deliver what every organisation needs. Nor that sending

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people out on secondment will automatically deliver what is needed. It is unlikely that any direct copying from a comparable organisation will fit the systemic properties of the particular organisation. At the same time as comparing an organisation with others it is important to know what the organisation is trying to do and why certain things work-- not just *what* they are. It may not be the transposing of practice from one time or place to another that creates the change but the *process* of getting there. For example, 'Investors in People' reviewed the way their standard was used by client organisations and how it had impacted on them. Most of the value had been in the process of examining organisation practice in order to qualify. This had been developmental and more important in many respects than the stamp of approval gained. The benefits had included raising the bottom line, building new relationships with key stakeholders, reducing day to day hassles and cultivating mindsets conducive to high performance (Rajan, Chapple and Van Eupen, 1999).

The Cabinet Office PIU (2000) report, for example, recommends that 'most fundamental to improved leadership is developing and sharing a clearer understanding of what leadership behaviours work in delivering today's public services' and this should be disseminated in a planned way. Similarly it suggests that 'a 'sponsors group' should meet to spread best leader development practice across sectors'. One hypothesis might be that the content of such dissemination is part of the story. It is possible that the key learning also occurs through taking part in these discussions, in the networks formed as a result and in the increased awareness of the issues that emerge through these debates. *What* is disseminated is not the only important issue.

The best practice cases can provide examples not solutions about setting about that process.

In this way we have produced, alongside the new cases we are developing ourselves, not just a listing of *what* organisations do, but a view of what is important in the *process* of improving the pool of leadership and management talent.

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# How do we know what makes best practice?

The evidence papers chosen in this selection concern corporate practices...

How to identify best practice is the key issue for providing case examples. What factors to look for and how to recognise the good from the bad needs to be more than a matter of the opinion of the organisation studied or of the researcher. This literature search has focussed mainly on studies reported in the years since 1995. This is because a paper published in 1995 would have been submitted in 1994 at latest and would probably refer to data collected in 1992 or 1993. Since the project is concerned with best practice in a rapidly changing world it was thought that this is an appropriate search time frame. Many ideas will not have changed since the mid-80s but those standing the test of time will be encapsulated in recent papers. The search has looked for case studies in leadership and management development, corporate management development, succession and career planning. The electronic journal search using key words and phrases yielded many boxes of abstracts and full papers! Many were not evidence based or were published in practitioner magazines with limited applicability to corporate management development or top managers. Many did not appear to offer new or best practice examples, perhaps exploring a tried and tested learning methodology in a new setting (e.g. in a practitioner journal for Mississippi realtors, or action learning in first line supervisory training). Some were case histories of famous leaders with an analysis of what had made them successful (see for example MacCoby, 2000, Farkas and Wetlaufer 1996, Goleman, 2000, Ahmad 1997, Holmes 1999) which may provide ideas on some idiosyncratic routes for development. Some papers reflected well-known self-help guides to developing leadership ability (see for example Bennis and Goldsmith, 1997, Gardner 1995, Kouzes and Posner, 1996, Covey 1992). Many offered examples of development approaches such as self managed learning, action learning, learning teams, assessment and development centre tools, mentoring and coaching etc. --all of which may become part of the corporate management development range of activities. However, it is how these are put together to form a company's specific approach that was needed for this research.

The papers selected for this review therefore contained evidence-based material, were published in good journals or offered collated evidence from other studies. The evidence papers chosen in this selection concern corporate practices rather than, for example, details of how to facilitate a learning team or the detailed content of a leadership development course. Further practice examples could be found by examining books on various methodologies but in the search to date the emergent picture is repeated in the papers studied and it is probable that this search gives the general picture.

How other studies have identified organisations to research is considered first. Secondly, best practice studies are reviewed. Thirdly, specific working examples are provided from published research on well known and well regarded organisations.

For the purposes of this review the focus is largely private sector global organisations but the intention is for CEML to extend the debate to the public sector.

# How ‘best practice’ has been established in published cases.

The definition of best practice ... may be said to rely in part ... on the idea that ... household names are probably ‘doing something right’.

Fulmer and Wagner (1999) undertook sponsored research for the American Society for Training and Development, the American Productivity and Quality Center and TPG Learning Systems. The best practice selection involved the initial analysis of potential organisations by the research team from journals and sponsors’ suggestions. There then followed an evaluation of potential best practice partners through a screening survey of more than thirty organisations to select ten finalists and the selection of six best practice partners from these by the study’s sponsors. This yielded: Arthur Andersen, General Electric, Hewlett Packard, Johnson and Johnson, Shell International, and the World Bank.

The Corporate Leadership Council (1997) conducted telephone interviews and on site visits to 150 companies, interviewed 50 academics, consultants and industry experts and reviewed 10,000 pages of academic and business literature. From this they developed a framework for leadership development, sourcing and retention. The framework is then explored with cases throughout so that their conclusions can be seen as working exemplars.

Other reviews of best practice such as Preston Brown (2000) have used the criteria developed in these two studies above to choose organisations that fit the ‘best practice’ criteria commensurate with the findings of these studies to justify their choice. Others have simply gone for household names which by common sense must be doing something right to be effective, sustained, global competitors. Thus companies like GE and GM are mentioned in a number of different papers that focus on their corporate management development practices or their CEOs ( eg. Stevens, 1996, Davies and Lucas 1998).

One study conducted a survey built upon earlier reports to identify improvements and what might account for such changes (Thomson, Mabey and Storey, 1998).

The definition of best practice is extremely difficult, and it may be said to rely in part on consensual judgements and the idea that corporations that have become household names are probably ‘doing something right’.

## Best practice reviews

Thomson, Mabey and Storey (1998) used a similar survey to the Constable-McCormick study building on the findings of Pettigrew, Hendry and Sparrow (1988). The Handy report and the Constable-McCormick reports (1987) found substantial weaknesses in management development in the UK. Pettigrew et al in a study of 20 companies concluded that improvements in management development are stimulated by

- The recognition of the need for a business strategy that would enable the organisation to manage increased complexity
- A positive internal labour market where there is open skill and career structure and where training and development are seen as an aid to recruitment
- And an organisation context which favours an integrated approach to recruitment, learning and career development

The map for  
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A decade on, Thomson, Mabey and Storey (1998) found that the amount of management development in the UK had increased from a mean of 3.1 days per annum in the Constable-McCormick study to 5.5 days with predictions that it will rise to 7.3 days in the future. Whilst factors such as sector, firm size, ownership, number of employees and centralisation play a part in the amount of management training undertaken the key variables were found to be in their 'policy cluster'. This cluster depends on the internal balance of power, resources and personalities as interpreters of context, and determines the level of priority given to training, and the degree of formalisation of the management development strategy. These latter two factors were important variables in explaining the amount of training undertaken. They were also positively correlated with perceptions that management development programmes achieve their objectives and that they impact on the organisation. The authors conclude that while training is only one way of measuring organisation activity, their survey suggests that the policy cluster as positive predictors points to organisation choice not organisation circumstances. They suggest that the exercise of leadership, involving making a number of strategic choices in the area of management development, is key to a positive assessment of these activities.

The map for leadership development is changing and the importance of the policy cluster is reflected in the evolving idea of 'good practice'. Fulmer, 1997, describing Conger's (1993) proposals argues that the current maps of leadership development are as out of date as Columbus' maps of the New World are today. Conger's (1993) key development issues for leadership are helping leaders become strategic opportunists, being globally aware and capable of managing highly decentralised organisations. They will need to be sensitive to issues of diversity, be interpersonally competent, and be community builders. These characteristics will be needed at all levels, not just at the top. The new emphasis is on customised programmes created to help achieve specific corporate objectives. In the organisational new world, participants will listen occasionally, interact frequently in simulated situations, spend a significant amount of time demonstrating their ability to apply concepts to real challenges and it will be impossible to tell what the result of the learning will be. A key cost is managers' time away from the workplace and executive educators will need to use real

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work time as a development tool. Away from work people will work in vertical not horizontal slices on courses as courses will be about real learning not status events. 'Rites of passage' –attendance on long programmes at internationally recognised business school programmes-will decrease with multiple attendance at a variety of learning events across people's career. They will involve action learning principles, designed to cross functions and with programmes multi-modular to enable depth training and development approaches. All these will be increasingly important.

Fulmer (1997) charts this new paradigm by giving examples of currently accepted approaches. He is associated with several studies of corporate management development. (The field work for this study was sponsored by the University Consortium for Executive Education (UNICON) and the Institute for the Study of Organisation Effectiveness.) In 1996 1000 companies had their own 'universities'. Arthur Andersen and GE 'universities' work on career stages with learning appropriate to 'moments of opportunity' in career. Most focus on competencies and skills strategically aligned to company and employees needs; eg Motorola and GE Crotonville place emphasis on action to drive business, not knowledge. Programmes are designed to involve work groups and/ or vertical slices and targets throughout the organisation. Much learning is self-directed. There is a view that people need to learn how to learn and access knowledge to meet rapid change. Motorola favours Action Learning, with senior executives of 20 years plus acting as coaches, and corporate partnerships to accelerate learning. For example a project might be to use 100 senior executives to look at the market in Asia and then ask them to teach the concepts of globalisation to others. Firms now do benchmarking against any interesting company not just competitors eg Wal-Mart or ABB. Johnson and Johnson use future oriented scenarios as future focussed anticipatory learning and many companies are doing this. Against a backdrop of real time, action learning with self directed goals, general courses will be less used at key points in people's career, eg functional specialist to generalist but Universities will still be used to provide cutting edge thinking. Their involvement will rely less on professor led input (which must be entertainingly and professionally delivered to be used at all) and more on applied work to real organisation challenges. Classroom style will change with the emphasis on the ability to process information not present. The role of educators will be to elicit participant input to resolve actual issues. In the future much more interactive on line and video conferencing is expected rather than all development activity being undertaken at the main programme venue.

According to Fulmer, British Business Schools are better than American Business Schools at new forms of client partnership and applied learning. Time out at university campuses still provides 'away from it all' settings to challenge paradigms. Providers will increasingly need to be able to work from a university perspective, a consulting firm perspective and corporation experience. University experience should provide an individual with cutting edge thinking and develop a commitment to inquiry and attempt to seek new answers to old questions. A number of businesses are developing partnerships with key academics who become a semi-permanent part of the organisation, spending 20- 100 days per year with the organisation. They will be highly rewarded for leveraging significant impact on the organisation.



Fulmer finishes with a quote from a Chinese proverb; ‘ a good leader is one whom the people respect, the poor leader one the people hate; but the great leader is one who, when the people have finished, they say ‘we have done it ourselves’. This concept should apply to contemporary leadership development with the paradigm as action learning, a lifelong process where global partners work together to produce a positive profitable portfolio for all.

Preston Brown (1999) draws on best practice cases to encourage public sector managers to learn from the best. Effective leadership development requires a systems approach combining formal training, on the job coaching linked to organisation culture and business plans etc with formal training emphasising experiential activity involving real business problems and developmental assignments used in a mutually reinforcing way. Learning is both an input and an output to work, not an ‘extra’ activity.

Vicere and Fulmer (1997), developing Dixon’s (1994) ideas of fundamental changes needed for management development programmes, suggest that in the past emphasis has been on ‘listener, events, knowledge, past case studies, specialists, presentation style and taking place at university’. In the future emphasis will be on ‘learner, ongoing, action learning, future scenarios, partners, process/outcome not presentation, and anywhere anytime. Learning will be collective not individually based. This list is confirmed by Zenger’s (2000) prescription for changing learning methodology in leadership development programmes.

Cohen and Tichy 1997 cite CEOs of Allied Signal, Intel, PepsiCo, GE, HP, ServiceMaster, the Admiral in charge of the US Navy Seals and an inner city not for profit organisation in their review. They all have in common the view that in the best companies it is the top leaders that develop leaders. They go on to give examples of how these CEOs have each done this through hands on involvement with the leadership programmes. Leaders passed on their own experiences to others who were expected to use it to develop their own leadership styles. To do this leaders must have ‘a teachable point of view’ that is carefully identified using professional interviews by consultants and HR directors.

The Corporate Leadership Council (1998) identified two critical success factors. These also involve CEOs. Firstly, in the selection of candidates and delivery of leadership programmes. Secondly, the other critical factor is an organisation’s reliance on action learning activities with CEO input. They argue that formal programmes will deal with real time business activities and not classroom lectures in the future. Their extensively worked framework has three key elements: refining leadership need, accelerating development trajectory and engaging the strategic agenda

- Refining leadership need requires the practices of leadership gap analysis and development capacity screening. Business strategy driven forecast identifies leadership competencies necessary to meet future corporate goals. Structured interview screening methodology measures individuals’ ability to learn from experience
- Accelerating development trajectory has four key practices. There is an annual audit of leadership by the CEO of individual business units to

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accelerate development of the next generation. There is cross-divisional development with each member of a company's executive committee assessing and developing a portfolio of employees outside of the division to encourage movement of high potential in the organisation. There is a headquarters based broker to oversee the accelerated development of a smaller set of mid career high potential employees and facilitate the movement of individuals across the organisation. There is a structured, global rotation programme with formal protocols for assignment selection and re-entry to home country

- Engaging the strategic agenda involves high profile assignments (action learning projects) intended to provide maximum learning to high potential candidates and benefit the company in the process. These projects are CEO sponsored. Output from these is part of the selection criteria for leadership roles. High potential candidates are involved in real issues through being challenged by key stakeholder groups in structured settings for learning and ideas interchange and through acting as 'shadow cabinet' groups to senior teams. In these the shadow cabinet group gathers prior to a real meeting, provides its own proposals on agenda items and gets serious feedback from the senior team doing it for real, which include the team taking up ideas and getting the shadow cabinet to implement its own suggestions. Coach assisted mentoring is used. In this, a professional executive coach supervises the mentoring of high potential employees, by senior executives. This develops existing executives as well as accelerating the high potential talent pool.

These criteria point to a more integrated approach to leadership development in which organisations see this as part of their business strategy, driving and supporting the strategy. In an integrated strategy the HRD people are partners with the top team, as demonstrated by the approaches of companies such as IBM (Hatch, 2000). This also influences the role played by such specialists (Ready, 1999).

## Published case examples of specific companies

Cohen and Tichy (1997) describe ShellOil. In 1993 the CEO convened a meeting off site of the top team, known as the Leadership Council, facilitated by the authors, beginning with members writing a mock Fortune article describing Shell Oil 3 years ahead and how it got there. Each person read their story to the group. Then 200 leaders in ShellOil were convened to work on four strategic issues assisted by an internal team of 16 Business Transformation people. The CEO created Shell Learning Center in Houston. The 200 leaders came in 50s to the learning centre for 3 days to work on their teachable points of view (ideas, values, edge and energy), watching benchmarking videos from other organisations and tying it together to form their own story. The points of view that were developed formed the basis of the participants' transformational actions and for developing other leaders.

ShellOil

Eller (1995) describes Motorola's approach. Motorola set up their Vice Presidents' Institute (VPI) to teach vice presidents about the company's unique heritage, explore new ways of inventing new technologies and businesses and to foster networking with each other. It is a two year process beginning with a 5 day seminar and then a series of alumni events to introduce new tools and sustain learning and networking. Key themes that members address are; what will Motorola look like in 2025? How does our structure need to be different to support this? What new technologies will be needed? What skills will our managers need for this new world? How do we attract world-wide talent for outstanding growth?

Motorola

VPs must identify key leadership success factors, discuss CEOs leadership expectations for this decade and next, examine their personal impact on the organisation and identify how to leverage leadership skills and build stronger networks around the world. They initiate an 18 months process for achieving personal development.

CEO starts the programme off and on the final day comes back to hear presentations on ideas for new businesses and globalisation and may charter teams to take these on.

They bring in exciting outside speakers on various key topics, have a scenario based planning event and several opportunities for individualised personal development. They have to link a personal development plan to key business success factors, examining inconsistencies in current skills and plan to gain new ones and leverage natural strengths. They have face to face coaching from the CEO and other senior staff, 360 customised to Motorola and confidentially fed back to VPs, and experts and consultants work with the VPI to provide inputs. They can have a follow up with the CEO 6-12 months after their programme.

Preston Brown (1999) reviews several cases. The federal government in Canada uses the Canadian Centre for Management Development –the Accelerated Executive Development Programme aimed at high potential employees.

Federal  
Government,  
Canada

Participants get a development assignment when enrolled on the programme and to help, get an advisor for a personal development plan, a coach and a mentor. They work in action learning sets of 5-6 to solve real business problems meeting at regular intervals with a facilitator. The facilitators' role is to foster collaborative inquiry and reflection. The entire cohort also comes together several times during 18 months for experiential and structured sessions.

## Aramark

Aramark set up their Executive Leadership Institute in 1993. The programme is offered once per year to 35 executives and high potential employees. Alumni of the programme set up the action learning projects for the next intake. The programme is four sessions over a six months period. The first is six days of classroom activity and action learning team formation, individual assessment and preparation of individual learning plans. This team then does an in-depth analysis eg for new product development. After three months they have a one-week session in the classroom with all sessions done by the teams on issues relevant to their action learning projects. In a third session they present their findings to the Executive (90% of these are actioned). The fourth session, a three-day follow up, comprises issues in the individual's personal development plans.

## GE

GE has two programmes, the Executive Development Course for potential officers run once per year and the Business Management Course run twice – three times per year for potential general managers. EDC starts with multi-rater feedback on team dynamics and personal effectiveness. Participants receive individual feedback and coaching to prepare a personal development plan. They then form action learning teams. Each team defines a project involving one of the 13 businesses outside their own business unit. The project is conducted and presented to the appropriate business.

Cohen and Tichy (1997a, 1997b) contend that in the best companies it is the top leaders that develop leaders. They have to have 'a teachable point of view' which is 'what it takes to win in his or her business and what it takes to lead other people'. Finding a teachable point of view is an in depth, facilitated process taking months of work and then creating innovative teaching and learning opportunities on the back of this. The leaders also create stories about the future of their organisations, a case for change, a compelling vision, a story leading to bold actions bringing about 'massive learning and change'. The model is quite different from the giants of leaders who have brought about change by the force of their own personality; this is about leaders seeing their most important job as developing leaders.

Participants benchmark other companies and leaders and examine their own experience to develop their points of view in relation to 'ideas, edge, values, energy' to develop a story that has a case for change, an idea of where the organisation is headed and how it will get there. Based on these stories leaders will take irreversible decisions to transform their organisations.

## PepsiCo

This is explored in relation to PepsiCo (Tichy and DeRose 1996). CEO, Enrico, at PepsiCo spends 100 days a year developing leaders. This is not dissimilar to CEOs at GE, Compaq, Service Master, HP etc.

How is it done? The PepsiCo programme starts with a five-day session for 9 selected executives at a time, in a remote and beautiful location, to cover Pepsi's leadership fundamentals, with feedback, in order to develop personal vision and an action plan. The executives have 90 days to action their plan. They reconvene for 3 days for coaching, personal leadership improvement plans, reviewing their successes and failures in actioning their plans. CEO Enrico leads all this. This is also rolled out to other parts of the organisation through executive led development and coaching initiatives.

Leadership development is also led by HR; participants on the HR leadership forum write a one page story of PepsiCo in (2000) saying what it did (future perfect) to make it the most admired company in the world. 3 days of discussions lead to actions. The programme includes vision setting, organisation alignment, and issues of integrity. There are question marks as to how far/low the roll out can go.

Heifetz and Laurie (1997) review key work of leadership and how development is done in KPMG in the Netherlands. Development matches the concept of leadership espoused. They argue that leadership requires the ability to view patterns and see the whole, including having the sense of company history and how they got where they are, (market forces, power struggles)

KPMG

Leaders must be able to

- identify adaptive challenges (questioning, using conflicts as clues, holding mirror to selves)
- regulate distress (create a holding environment, a place for processing thoughts, clarifying assumptions, sequence and pace the work of change, stop old initiatives in order to enable new ones, be responsible for direction, protection, orientation, managing conflict and shaping norms). He/she needs personal presence and poise to regulate distress, the emotional capacity to tolerate uncertainty, frustration and pain without getting too anxious him/herself; communicate confidence. This is the most difficult aspect of leadership.
- counteract distractions that prevent people from dealing with adaptive issues such as scapegoating, denial and work avoidance which are expected when the organisation has to adapt.
- develop collective self confidence
- give voice to all people-not attack whistle blowers, deviants, and creative original voices, normally routinely smashed in organisations.
- view leadership as learning; leadership is no longer having a vision and aligning/selling it to people- this is bankrupt as an idea

The CEO at KPMG, in the Netherlands could see that the structure of KPMG inhibited change because of autonomy and individual reward based on profit. He held a meeting of all 300 partners and focussed on the history of KPMG and its projected future. What did they think? He got them to release 100 partners for 60% of their time for strategic work with an integration team of 12 senior partners. The group had its own floor in the building and necessary resources. This group had to confront the existing culture to get work done because they could not do their work within old rules. It had to develop teamwork and cross-

Diversity at  
the top is part  
of creating  
high  
performing  
organisations  
...

functional working. A consultant helped them map culture and what they needed to change. By articulating the gap they framed the adaptive challenge. They became the emissaries to the rest of the firm. Each was asked to identify their personal adaptive challenge and act as coach to each other. They used the collective intelligence of the group and developed trust and safety, talked about dialogue, task avoidance etc. To manage the distress of doing broad work on change in a defined structure they had creative events; 100 people at an Oprah-style meeting in a large auditorium, 'yellow cards' to sanction old inappropriate behaviours. They worked with metaphor and produced symbolic artefacts of the new culture. They had 'playtime' eg bike rides, laser gun fights at a local amusement centre. They had 2/3 day off sites frequently to close pieces of work together. All these (and more) together changed how the company worked. Thus the philosophy of leadership desired in the organisation was a key parameter in the development practice embraced.

The importance of the philosophy of leadership desired on the organisation, and the development practices employed, are particularly crucial when the issue of diversity is explored. Many of the leadership development programmes include cross cultural experience and global business issues but these may not address other diversity issues such as gender or ethnicity. Multi-national leadership talent pools may not lead to diversity of perspective at the top if women and ethnic minorities are under-represented, a condition which persists and may be undesirable (Singh, Vinnicombe, and Johnson, 2000, Daily, Certo and Dalton, 1999, Fondas and Sassalos, 2000). Hildebrand (1996) argues that companies can use leadership training to increase diversity. Leadership concepts that underpin programmes, combined with executive mentoring that may put Caucasian males leaders in touch mainly with other Caucasian, male, potential leaders means that women and non Caucasians may be left out of the development programme. In contrast, developing diverse leaders attracts diversity. The leadership development approach described for minority women to enhance diversity at the top, which is described by Hildebrand, tackles real life business issues but creates links between white Caucasian male leaders and a wide range of employees at all levels who demonstrate leadership ability. Ibarra, (1993) and Ragins and Cotton (1999) also report on differences between men and women in mentoring relationships, including homophily.

Diversity at the top is part of creating high performing organisations (Orser, 2000) but whilst difference in leadership styles in women and other groups becomes understood (Vinkenburg, Jansen and Koopman, 2000, Coffey, Huffington and Thompson, 1999) there is still a need for leadership development that enables non-Caucasians and females to break through at strategic leader levels in greater numbers (Ragins, Townsend and Mattis, 1998, Vinnicombe, 2000, Burke and Mattis 2000).

## Conclusions from literature reviews

Fulmer and Wagner (1999) conclude that in the best practice partners they studied

- Leadership development is closely aligned with and used to support corporate strategy. They go to great lengths to align leadership development with the overall strategic focus and help to implement strategy to meet new business drivers; they are both sides of the same coin. Leadership development is not an 'add on' activity for some undifferentiated future
- Best practice organisations build leadership development teams carefully emphasising HR development and business experience
- Competencies matter and are developed internally and applied throughout the organisation with regional expression
- Best practice is to grow your own not buy in
- Action learning is key, on real time business issues
- Leadership development must link to succession planning which involves linking assessment, development, feedback, coaching and succession planning into one integrated system aligned with the strategy
- Leadership development needs support from the start from, and sustaining throughout, by the highest levels; with a lot of CEO level involvement
- Best practice partners were always assessing the success of programmes from informal 'do we feel good about it?' to formal evaluation and revenue benefits

Action  
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business  
issues

Some of the lessons Tichy and DeRose (1996) conclude are

- Leader development starts with market forces
- Must be line owned and driven
- HR must lead the leaders by helping them find teachable points of view. This takes time (2 days interviewing each leader and 2 weeks making sense of data, meeting to share model elucidated and then to develop into a programme), have to get leader to commit time, help create action learning projects, design the social technology of delivery, and coach the coaches.
- HR must be able to identify resources and people at all levels who are capable of leading this kind of programme and not let those incapable do it
- Needs to be integrated across all parts of organisation to build collective effort and culture in one direction

Leader  
development  
starts with  
market  
forces

Such conclusions are reflected in practitioner papers; Byham (1999) concludes that proactive companies will need to have effective succession programmes based on competency models, evaluating team members and fast tracking candidates for the top. He advocates succession management, not succession planning. This involves emphasis on ensuring planned development transfer and advanced training is actually implemented. It should be based on determining the organisation's leadership shortage, identifying executive competencies based on the organisation's future business needs, values and strategies, identifying high fliers for the talent pool, assessing strengths in the talent pool. On the basis of this, individually tailored programmes for each high potential candidate should be created, based on assessment centre results. This should include training, job rotation, special assignments such as co-managing at a senior level and

## Development of leaders and development of the business go hand in hand

mentoring and coaching. Fast trackers should be made to feel 'special', encouraging their retention. Only the personal involvement of top-ranking executives can demonstrate the depth of an organisation's commitment and make all the necessary assignments and rotations work in practice. This will involve radical changes such as allowing senior executives to pair with younger ones with both on full pay, going on retirement gradually or taking more time off for younger executives to 'phase in' with the emphasis on learning. The importance of such approaches to organisations such as Sun Microsystems, Unum, Sonoco, and the US Postal Service and Sears are described by Grossman (1999).

Preston Brown (1999) argues that the best business leadership programmes connect leadership development to strategic business needs and make leader development a force for change and renewal. McIvor (2000) demonstrates how Unilever achieved this through a redesigned action learning programme. They based their programme firmly in the identified business need for leaders who would be, for example, more externally focused, entrepreneurial, results driven, and risk taking. This called for a completely new approach for Unilever with their high potential group. This was considered to be part of the force for changing the whole organisation culture.

Leadership development is changing and leading organisations consider leadership to be a key issue for future success. One theme running through all the cases studied is the importance of linking leader development to the business objectives along with an understanding that this means linking development activity to the business. Development of leaders and development of the business go hand in hand. Leader development involves working with others in learning teams and action learning groups, means learning from colleagues at all levels, involves one to one activity with key individuals and can involve events as diverse as business school programmes and in house organisation development programmes. They must embrace the organisation's commitment to issues such as diversity. Clearly there is no 'one size fits all' prescription.

Given the huge effort that is required to invest in the programmes described here it is worth enquiring whether business leadership development is worth doing. A global survey of top executives by Watson Wyatt (2000) suggests that establishing formal programmes to develop leadership at all levels is an important priority. According to their survey, the more companies do to develop leaders and the more comprehensive their efforts (including rewarding effective leadership behaviour, assessing leadership effectiveness, cross cultural experiences, mentoring and coaching programmes, formal leadership training, job rotation) the greater their financial success on four measures. These were shareholder return, growth in net income, growth in market sales and return on sales. They saw five key elements to building a leadership pool; defining what leadership means to the company; ensuring high quality leaders are recruited; assessing leaders on a regular basis; providing meaningful leadership development opportunities; rewarding effective leadership.

New research from Mabey and Martin (2001, forthcoming), with US and UK firms participating in the research, provides further evidence of the importance of leadership development. Their research suggests a significant causal pathway from the size, growth and HR strategy of the organisation to its career structure,



the quality of its management development infrastructure and the extent it takes responsibility for training managers. These factors explain differences in the perceived success of management development activity and the overall impact on the performance of the firms studied.

Looking at this at the overall impact of the programme for leadership development, Ready (2000) uses Lufthansa as one example from a study of 45 global companies. High impact executive education, he argues, has three components; building multiple capabilities, innovating by using leaders as teachers, self directed action learning teams and creative use of technology and finally customising programmes, seeing the business units as internal customers of education services. In such a way he shows that Lufthansa significantly improved its competitive capacity through the use of high impact executive education.

# **Leadership Development: Best Practice Guide for Organisations**

This guide is based on both the literature presented here and interviews with a selection of leading international companies with a strong UK base. This literature review was used to develop the interview protocol for the research. This protocol ensured that the interviewer raised questions covering all areas of leadership development that were talked about in the literature. This enabled the interviewer to gain data that might confirm or contradict the conclusions of these published accounts and so develop an up to date guide suitable for using in the UK context. Companies were invited to tell their stories about how and why they had developed their current leadership development practices and to describe what they do in some detail. From the interview analysis and the literature review presented here, 'Leadership Development: Best Practice Guide for Organisations' has been developed. It is also published by CEML as an accompanying publication to this review.

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